FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

AMERISUR RESOURCES PLC

REGISTERED NUMBER: 4030166 (England and Wales)

CONTENTS OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

CORPORATE DIRECTORY

DIRECTORS

Giles Clarke (Chairman)

John Wardle (Chief Executive Officer)

Victor Valdovinos (Executive Director)

Nick Harrison (Finance Director)

Douglas Ellenor (Non Executive Director)

George Woodcock (Non Executive Director)

SECRETARY

Brian James ACCA

REGISTERED OFFICE

LAKESIDE, FOUNTAIN LANE, ST. MELLONS
CARDIFF
CF3 OFB, WALES

Tel: +44 29 2050 0880
Fax: +44 29 2050 0701
Email: info@amerisurresources.com
HTTP: www.amerisurresources.com

BRANCH OFFICES:

Paraguay:
FULGENICO R. MORENO Y MEXICO
Edificio La Colina, Piso 4
ASUNCIỐN, PARAGUAY

Colombia:
Officina 701
EDIFICIO ALFA
CARRERA No. 93B-33
BOGOTẮ DC, COLOMBIA

NOMINATED ADVISERS AND BROKERS

Royal Bank of Canada
Thames Court
One Queenhithe
LONDON
EC4V 4DE, UNITED KINGDOM

Investec Bank Plc
2, Gresham street
LONDON
EC2V 7QP, UNITED KINGDOM

PUBLIC RELATIONS

FTI Consulting
Holborn Gate
26 Southampton Buildings
LONDON
WC2A 1PB, UNITED KINGDOM

SOLICITORS

Osborne Clarke LLP
2 Temple Back East
Temple Quay
BRISTOL
BS1 6EG, UNITED KINGDOM

Sanclemente & Fernandez
Abogados S.A.
Carrera 9 No. 69-70
BOGOTÁ, COLOMBIA

INDEPENDENT AUDITOR

Grant Thornton UK LLP
11-13 Penhill Road
CARDIFF
CF11 9UP, UNITED KINGDOM

BANKERS

HSBC Bank plc
97 Bute Street
CARDIFF
CF10 5NA, UNITED KINGDOM

Chairman's Statement

Last year we launched an ambitious six-, and, later eight-well drilling programme in the Platanillo field, based on our 3D/3C seismic data. Drilling began on 4 April 2012. I am pleased to report that the results of that programme were encouraging, firmly at the top end of our estimated range, thus enhancing the ultimate potential of the Platanillo field. These results have led us to further expand the Platanillo programme in order to deliver that potential as rapidly as possible. It is important to note the work of the operational team in bringing high value wells onstream safely, rapidly, and economically while maintaining the highest environmental and social responsibility standards. I congratulate them on their professionalism and success, which demonstrates in a very tangible way our strong operating capabilities under difficult conditions.

We have therefore made great progress with the drilling and production programme, and successfully brought in a second rig, Latco-1, to accelerate the execution of the programme. At the time of writing, we have completed the drilling of two new wells and one sidetrack of a legacy well so far this year and have a full and exciting drilling programme ahead of a further eight wells in 2013 and two sidetracks, achieving a total of 14 new wells and 3 sidetracks by the end of the year. The current production is at a logistically constrained rate of over 4,000 barrels of oil per day (BOPD), with the current field capacity being approximately 7,000BOPD. We are actively developing additional routes to point of sale, a normal process in new basins, which will shortly alleviate the current constraints. The Group recently celebrated the delivery of the 1 millionth barrel of oil produced from Platanillo and produced an average of 106,691 BO per month during the first quarter of 2013.

Post period end and following receipt of an independent reserves report as at 31 December 2012 undertaken by Petrotech Engineering Ltd using the standards set by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers, the Company reported that Platanillo field 2P reserves more than tripled from 7.7 to 29.9 MMBO. Additionally the independent assessor calculated 3P reserves at 46 MMBO. Importantly, the upgrade came following just four of the Platanillo wells of the planned programme, and so our continuing, fully funded drilling and production expansion plan in 2013 should deliver further upgrades as we progress.

Amerisur is not just a single asset company. As impressive as Platanillo is, it is just part of our balanced portfolio, albeit the most advanced in production terms. We are fortunate to have a balanced production and exploration portfolio which has a mix of low risk upgrades, mid risk appraisal of our previous discoveries, additional "near field" potential and our higher risk, but undoubtedly high potential acreage in Paraguay. In Fenix, we have continued to study this attractive, but complex area, acquiring a further 59.4km of digital 2D data over the end of the year. This was focused on the southern prospects, and we plan to drill at least one of those in 2013. In Paraguay our large acreage position is yielding some very exciting indications, and within operational constraints we hope to drill a well there in the early part of next year.

In closing I would like to thank all our stakeholders for their continued support and valued efforts in building our Company.

Giles Clarke
Chairman
16 April 2013

Chief Executive's Statement

Colombia

Platanillo

The Platanillo field is producing at a controlled rate of over 4,000BOPD at the time of writing, constrained by export capacities. This production rate varies as the capacity changes, and the Company is currently developing further routes by which oil may be brought to market. These efforts are bearing fruit, production in January was 81,000BO, February 115,000 and March 125,000. I expect these volumes to continue to grow as we develop further options. The average in the last quarter of 2012 was 88,000BO per month. Among the options we plan to bring into play over the next months is the potential use of the Ecuadorian oil transport system. From the wells drilled to date we estimate that the current production capacity of the field is approximately 7,000BOPD, without including Platanillo-10 which will be tested shortly.

Drilling in 2012

As reported at the interim results, the first well of the drilling programme, Platanillo-3, encountered an interval of 85ft gross, 52ft net pay in the U sands of the Villeta formation. The Company perforated the upper 26ft of indicated net pay using a Drill Stem Testing assembly. The well initially flowed at a controlled rate of 2,340 BOPD of 30.4° API oil with trace water, while choked back and with wellhead pressure of approximately 44 psi. However, since then the Company revisited it to workover the well with the objective of re-configuring the well to repair poor zonal isolation behind the 7" casing.

In the second new well drilled, Platanillo-4, a 29ft section of the logged 75ft gross oil column was perforated in the U formation in order to perform flow tests. The test was terminated at a production rate of approximately 1,100 barrels per day of 30.3° API oil with trace water, while choked back and with wellhead pressure of approximately 50 psi. The production curve showed an increasing trend, indicating that the stabilised commercial production rate may be higher.

In September 2012, we began drilling Platanillo-5, which encountered an interval of 99ft gross, 79ft pay in the U sands of the Villeta formation. The Company perforated the upper 30ft of indicated net pay using a permanent completion assembly and "drop-off" tubing conveyed perforated guns. Over a 24 hour period, the interval produced in natural flow at a stabilised rate of 2,472BOPD of 31.8° API oil, with trace water while choked back and with wellhead pressure of 61psi.

Platanillo-9 was drilled in November 2012 to a total depth of 8,689ft, achieving an offset of 1,485ft to the west of the bottom hole location at Platanillo-3. The reservoir section was tested and showed a 71ft gross, 45ft net oil column in the U sand, 7ft net pay in the N sand and pay intervals in the B/T sand in line with expectations. The well flowed 730BOPD on test.

Construction works were completed at Platform 5 South, located approximately 1.2km to the north of Platform 9S. The location was prepared with 4 drilling cellars. Post period end we completed the drilling of Platanillo-6, the fifth of the eight well programme, from Platform 5S. The well was drilled to 8608ft. Platanillo-6 is a directional well, deviated approximately 1,450ft SE of platform 5S. The reservoir section was logged and initial tests showed a 85ft gross, 51ft net oil column in the U sand formation, 13ft gross, 10ft net pay in the N sand formations and 10ft net in the T sand as predicted by our model. When tested, post period end, the well flowed at 1,550BOPD of 30.8° API.

Drilling post period end

Post period end, a second rig was introduced to the field and we moved the two rigs to begin drilling the Platanillo-10 and Platanillo-1 ST1 wells. The well Platanillo-10, the sixth well of the current Platanillo drilling programme and located on platform 5 South (5S) was deviated approximately 1,865ft north east of platform 5S. The well encountered an interval of 80ft Gross, 68ft net indicated pay in the U sand and T sand. As predicted by the geophysical model, the N sand was not well developed at this point. This well will shortly be placed on commercial production. Platanillo-1, drilled in 2007, and not tested by the previous operator, ECOPETROL, was being re-entered and sidetracked to a location approximately 2,485ft to the east. The objective of this sidetrack was to further delineate the oil columns in the Platanillo reservoirs and potentially to provide a water injection facility for the field. Encouragingly, this well, named Platanillo-1 ST1, encountered a 22ft net pay interval in the U sands, of which 7ft was perforated, producing 530BOPD on test, helping to significantly de-risk the northern two-thirds of the Platanillo field. The well has now been placed on commercial production.

Drilling and production

A fully funded 10 well programme on the Platanillo field has been planned for 2013 using the two rigs currently in field. This will bring to 14 the total of new wells drilled in the field. We will also perform three side-tracks from legacy wells during 2013. These side-tracks will place the old wells in better structural positions.

Current production levels are at a constrained rate of over 4,000BOPD and it is estimated that current field production capacity is approximately 7,000BOPD before the contribution of Platanillo-10. Production will increase as the export constraints are resolved.

Platanillo Reserves

An independent reserves report was commissioned in line with ANH requirements with cut off date of 31 December 2012 from Petrotech Engineering Ltd using the standards set by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers. This report certified that the operations and investments we made during 2012 resulted in Platanillo field 2P reserves more than tripling from 7.7 to 29.9 MMBO. Additionally the independent assessor calculated 3P reserves at 46 MMBO. This upgrade came following just four of the Platanillo wells of the planned programme.

Put-12

During the period we acquired a 60% working interest in the Put-12 block by way of the ANH's Ronda Colombia 2012 licensing round. Amerisur formed a joint venture with Pluspetrol to bid for Put-12 and Amerisur will act as operator on the block. The bid included an additional royalty to the state of 29% and commitment to a seismic acquisition programme and the drilling of 1 exploration well during the first three year exploration phase. The contract is currently in Phase 0, a preliminary phase during which social management is performed. It is expected that Phase 1 will begin in the second half of 2013. The agreement was formally enacted in 2013 and there were no financial transactions in the year in respect of this agreement and as such has not been accounted for in the year to 31 December 2012.

The Put-12 block covers approximately 54,444 hectares, is five times larger than the Platanillo block and is adjacent to our existing Platanillo field in the Putumayo basin. The block lies immediately to the east of the Platanillo field and has the same geology as Platanillo with multiple Platanillo type structures, together with analogue fields in Ecuador. We are currently analysing the existing 2D seismic data and have identified 10 potential leads with an estimated potential of 140-300MMBO of resources on a recoverable basis. For 2013, we intend to undertake fully funded 2D and 3D seismic programmes which we believe will form the basis of multiple drilling targets in 2014.

Fenix

We have completed the acquisition of 2D seismic in the southern part of the Fenix block (100% owned by Amerisur, located in the Middle Magdalena valley) over a 63km area. The survey aimed to define two of three leads mapped out on existing data, which are of a similar style to the structure in the adjoining Bonanza field, owned by Ecopetrol. We intend to drill an exploration well in 2013 to confirm that structure. As of June 2012, Fenix had unrisked resource estimates of 65MMBO and included two discoveries from the Iguasa and Isabel wells.

There has been an upsurge in unconventional interest focused on the La Luna shale where Fenix also may have significant potential.

Paraguay

The Company maintains its current 100% ownership of the 5 blocks in Paraguay, extending over 6.4mm hectares. The blocks offer significant potential. We started exploring the Piriti Basin in July 2012 and we hope to continue this by conducting gravity and seismic work in Q2 2013. Amerisur will also conduct new seismic acquisition on the San Pedro block, which is estimated to have unrisked potential resources of over 708mmbl. Following this, we will then drill an exploration well in 2014.

Financial Review

Revenue for the period increased by 197.3% to US$42.2m (2011: US$14.2m). Profit before tax increased by 474% to US$20.1m (2011: US$3.5m) and operating profit up 494% to US$19.6m (2011: US$3.3m). At the period end, the Group had a cash position of US$47m (2011: US$17m). All commitments and planned discretionary programmes for 2013 are fully funded. The capex plan for 2013 is $75m. The Directors will not be recommending payment of a dividend.

Outlook

We have made significant progress in developing the Platanillo field with 4 new wells drilled in 2012 and we look forward to developing it further in 2013 with our fully funded and very active programme. We intend to drill a further 10 new wells and to perform 3 sidetracks of legacy wells. We also look forward to drilling an exploratory well at Fenix following the 2D seismic acquired this year and to acquiring gravity and seismic data on our blocks in Paraguay. Our strong balance sheet and cashflow allows us significant options and flexibility in our strategy going forward, supporting our efforts to build a bigger, more successful and diversified Company.

We are confident that our programme for 2013 will allow us to significantly increase production, add a further uplift to our already very material reserves and continue our balanced exploration strategy, adding new discoveries in the short, medium and long term while accessing important new opportunities.

John Wardle
Chief Executive Officer
16 April 2013

REPORT OF THE DIRECTORS

The Directors present their report for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal continuing activity of the Company and the Group is investing in oil and gas exploration and development in South America, principally in Paraguay and Colombia.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES OF DIRECTORS

The names and details of the Directors of the Company in office during the year to 31 December 2012 and/or as at the date of this report were as follows:

GILES CLARKE (Chairman)

Mr Clarke (59) has considerable experience in the City and a number of commercial interests. He is Chairman of the England and Wales Cricket Board and Chairman of several private organisations. He founded Majestic Wine in 1981 and built it into a national chain of wine warehouses. He also co-founded Pet City Plc in 1990, which he expanded nationwide before it was listed and subsequently sold in 1996 for $150 million. He also co-founded Safestore plc and orchestrated the sale of the company to Bridgepoint in 2003.

JOHN WARDLE (Executive Director – Chief Executive Officer and Technical)

Dr Wardle (53) has been managing the Company's operations since 2006. He holds a B.Sc. in Mining Engineering from the University of Nottingham and a Ph.D. in Rock Mechanics and Geophysics from the University of Wales. He is an experienced drilling engineer, having worked with BP, and has held a number of senior management positions with oil exploration companies. Dr Wardle first arrived in Colombia in 1994, when he was working for BP Exploration Colombia, and subsequently was General Manager for Emerald Energy in Colombia, where he was responsible for the discovery of the Campo Rico and Vigia oilfields.

VICTOR M. VALDOVINOS (Regional Director – South America)

Mr Valdovinos (48) is a Paraguayan lawyer, with a Masters degree in Energy and Environmental Law from Tulane University School of Law, and is resident in Asunción. He has been a legal adviser to both the United Nations Development Programme and the Minister of the Environment for the Government of Paraguay and has a professional affiliation to the Environmental Law Institute in Washington. Mr Valdovinos is the Group's Regional Director for South America, dealing with administrative issues in Paraguay and Colombia.

NICK HARRISON (Finance Director)

Mr Harrison (54) is a graduate of Liverpool University. He qualified with Arthur Andersen and subsequently worked at Deloittes, Midland Bank (International) and Coopers & Lybrand. He was Finance Director of Pet City Plc and has been Finance Director of a number of private companies with international activities.

DOUGLAS ELLENOR (Non Executive Director – Technical)

Mr Ellenor (69) has over 38 years experience in the E&P industry, having spent 25 of those on international assignments with the Royal Dutch Shell Group in Australasia, Europe, and North and South America. Douglas left Royal Dutch Shell in 1996 after four years as CEO of the Shell Companies of Colombia to become CEO of the Colombian E&P company Hocol SA, a position he held until 1998. After a posting as Business Development Director in London with Nimir Petroleum Limited, he returned to Canada and established an oil and gas consulting company. In 2002 Douglas returned to Hocol SA on temporary assignment as CEO, serving until the end of 2004. In 2004-05 he was CEO of Orca Petroleum Inc.

GEORGE WOODCOCK (Non Executive Director – Technical)

Mr Woodcock (72) holds a degree in Pure and Applied Physics from the University of Salford, started his career in the oil industry in 1968 when he joined BP Exploration. During 20 years with BP he occupied multiple technical and managerial posts, most notably Vice President Exploration and Production BP Developments Australia (North West Shelf Project), and Chief Geophysicist BP Colombia, where he was responsible for the discovery of the Cusiana field.

DISCLOSURE OF DIRECTORS' INTERESTS

The beneficial and other interests of the Directors and their families in the shares of the Company and its subsidiary undertakings as at 1 January 2012 (or date of appointment, if later) and 31 December 2012 were as follows:

SHARES	Shares Held 1 January 2012	Shares Held 31 December 2012
G Clarke	10,527,448	17,216,776
J Wardle	8,865,860	8,865,860
N Harrison	2,245,025	3,938,797
V Valdovinos	1,000,000	2,750,000
D Ellenor	-	1,000,000
G Woodcock	-	1,276,000

SHARE OPTIONS Director	1 January 2012	Number of options during the year Granted	 Exercised	31 December 2012	Exercise price	Exercise dates
G Clarke	26,100,000	-	(26,100,000)	-	7.15p	2007–2012
	3,000,000	-	-	3,000,000	15.00p	2009–2019
	-	1,500,000	-	1,500,000	0.10p	2012-2017
J Wardle	8,500,000	-	(8,500,000)	-	7.15p	2007–2012
	10,000,000	-	-	10,000,000	7.53p	2008–2013
	8,000,000	-	-	8,000,000	11.05p	2009–2019
	-	3,750,000	-	3,750,000	0.10p	2012-2017
N Harrison	8,720,000	-	(8,720,000)	-	7.15p	2007–2012
	5,500,000	-	-	5,500,000	7.53p	2008–2013
	3,000,000	-	-	3,000,000	15.00p	2009–2019
	-	1,500,000	-	1,500,000	0.10p	2012-2017
V Valdovinos	1,450,000	-	(1,450,000)	-	7.53p	2008–2013
	550,000	-	(550,000)	-	5.75p	2009–2014
	-	500,000	(500,000)	-	0.10p	2012-2017
D Ellenor	1,450,000	-	(1,450,000)	-	7.53p	2008–2013
	500,000	-	(500,000)	-	15.00p	2009–2019
	-	500,000	(500,000)	-	0.10p	2012-2017
G Woodcock	-	500,000	(500,000)	-	0.10p	2012-2017

The fair values of the share options listed above have been arrived at using a Black-Scholes and Monte Carlo models. The assumptions inherent in the use of these models have been set out in Note 17.

DIRECTORS' EMOLUMENTS

	Basic salary and fees $'000	Benefits* $'000	Pension $'000	**Dec 2012 Total $'000**	Dec 2011 Total $'000
J Wardle**	-	-	-	-	-
N Harrison	170	396	-	566	120
V Valdovinos	93	132	-	225	73
G Clarke	232	396	-	628	176
D Ellenor**	-	-	-	-	-
G Woodcock	58	132	-	190	8
	553	1,056	-	1,609	377

*Benefits include the fair value of share options vesting during the year
**Details of consultancy fees paid to companies under the control of these Directors can be found in note 19 to the financial statements.

The aggregate gain made by the Directors in the year in exercising their share options amounts to $23,874,000. Details of the gain relating to the highest paid Director can be found within note 19 to the financial statements.

RETIREMENT OF DIRECTORS

In accordance with the Company's Articles of Association John Wardle, Giles Clarke and Nick Harrison will retire by rotation and will be seeking re-election.

RESULT AND DIVIDENDS

There was a profit for the year after taxation of $12,792,000 (December 2011: $1,775,000).

The Directors recommend that no final dividend be declared or paid for the year ended 31 December 2012 (December 2011: £nil).

BUSINESS REVIEW

On a Group basis, the business review is contained within the Chairman's Statement and CEO's Review.

The Directors have considered the financial and non-financial key performance indicators (KPIs) for the group and consider the following to be relevant on assessing performance

- Production as measured in "barrels of oil per day". In the 12 months to December 2012 this figure amounted to 1,186 BOPD (2011: 407 BOPD)
- The development of proven and probable (2P) reserves. As at December 2012 the company had 29.9 MMBO of 2P reserves. The comparable figure at December 2011 was 7.7 MMBO.
- The execution of the company's capital expenditure/ drilling program (in the twelve months to December 2012 the company drilled 4 wells (2011: nil)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are liquidity risk and foreign currency risk and, to a limited extent, interest rate risk. The Directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Liquidity Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. During the exploration phases of the Group's development, fundraising has been achieved through private placings, which are regarded as the most cost-effective method of fundraising. The Group policy throughout the year has been to ensure continuity of funding so that planned fundraisings cover at least 100% of contractual obligations and 12 months of operating and administration costs. The placing during the year achieved the target amount after costs. At the year end the Group had no uncommitted funds.

Currency Risk

The Group is exposed to transaction and translation foreign exchange risk. In relation to translation risk, assets held in foreign currency are in the form of cash for specific obligations in that same currency and are therefore not separately hedged. Transaction exposures have been managed by holding both US dollars and Colombian Pesos and the use of dual currency deposits, which it uses to settle foreign currency payments thus reducing transaction risk.

Interest Rate Risk

The Group finances its operations through equity placing. Deposits made at banks receive interest at commercial rates which are variable and therefore exposed to movements in those rates.

Principal Risks, Uncertainties and Mitigation Strategies

The group faces a number of business risks in its operations. These are recognised by the Board and are addressed in a systematic way. The principal risks and mitigation strategies are summarised below:

Oil price fluctuations – the group takes a conservative view of oil prices when undertaking capital appraisal. This means that excessive investment or other expenditure based on expectations of a rise are avoided and, as the group has a relatively low level of operating costs, this means that any reduction in oil prices would have to be very significant before production costs exceeded production revenues.

Inability to fund capital expenditure – the group takes a prudent approach to budgeting and business planning so that funds are not committed without the Group being certain of obtaining such funds. The business relies on substantial investment in drilling and exploration which are both capital intensive. Restrictions on the availability of this funding would curtail the growth of the Group.

Shortfall in operational cash flow – the group undertakes scenario planning for both oil price and production volumes to provide comfort as to funding headroom. It is essential that production is maintained and revenues secured and to ensure this the group holds substantial cash sums. Current cash balances of $47,037,000 are sufficient to provide for all operational purposes on any scenario stress test.

Health, safety and environmental incidents – the group has rigorous health, safety, environment and quality processes and procedures. Regulatory regimes monitoring the environmental impact of the Groups operations can impose sanctions which would potentially disrupt and ultimately levy penalties, increasing costs unnecessarily.

Ineffective capital expenditure – the group undertakes rigorous analysis before any drilling programme or other capital expenditure. Expert analyses of all aspects of the geological and physical environment are examined and only when it is deemed appropriate are funds allocated to capital projects. A record of successful exploration is also essential for the credibility of the Group in its future fund raising.

Failure to maintain regulatory approval for projects/operations – the group has a detailed understanding of legal and regulatory requirements and has regular engagement with government and regulators to ensure compliance. Local and industry experts are used to ensure the smooth running of this aspect of project management. Legal sanctions are possible if compliance is not adequate and increased costs or penalties are possible.

GOING CONCERN

The directors have reviewed the cash position of the Group for a period of two years from the year end against the expected recurring operational income, expenditure and anticipated specific contractual costs in Colombia and Paraguay. On this basis the Directors consider that the Group has more than sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group’s financial statements.

The cash held in Group bank accounts at the balance sheet date was $47,037,000 (Dec 2011: $17,249,000).

SHARE OPTIONS

Unissued shares
As at the balance sheet date there were 38,665,000 unissued ordinary shares of 0.1p under options. Note 17 of the financial statements sets out further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

PAYMENT POLICY AND PRACTICE

It is the Company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Trade payables at the year-end were paid at an average of 10 days (Dec 2011: 21 days).

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on the date stated in the Notice of Meeting, which accompanies this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounts Practice (United Kingdom Accounting Standard and applicable laws).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that year. In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed in the consolidated financial statements and UK accounting standards followed in the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that so far as each director is aware:
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

Grant Thornton UK LLP have expressed their willingness to continue in office as auditors and a resolution will be proposed to reappoint them at the Annual General Meeting.

Signed on behalf of the Board in accordance with a resolution of the Directors.

N. Harrison
Director
16 April 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMERISUR RESOURCES PLC

We have audited the group financial statements of Amerisur Resources plc for the year ended 31 December 2012 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:
Under the Companies Act 2006 we are required to report to you if, in our opinion;

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other Matters

We have reported separately on the parent company financial statements of Amerisur Resources plc for the year ended 31 December 2012.

J. Geraint Davies
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
CARDIFF
16 April 2013

Consolidated income statement
for the year ended 31 December 2012

	Notes	Year ended 31 December 2012 $'000	Year ended 31 December 2011 $'000
Revenue	3	42,190	14,192
Cost of sales		(13,850)	(7,334)
Gross profit		28,340	6,858
Total administrative expenses		(8,714)	(3,552)
Operating profit		19,626	3,306
Finance charge	7	-	(1)
Finance income	7	516	205
Profit before tax	5	20,142	3,510
Capital taxation	8	(555)	(538)
Profit after capital taxation		19,587	2,972
Income taxation	8	(6,795)	(1,197)
Profit attributable to equity holders of the parent		12,792	1,775
Earnings per share			
Basic (cents per share)	9	1.35	0.19
Diluted (cents per share)	9	1.31	0.19

Consolidated statement of comprehensive income
for the year ended 31 December 2012

	Year ended 31 December 2012 $'000	Year ended 31 December 2011 $'000
Profit attributable to equity holders of the parent	12,792	1,775
Other comprehensive income:		
Foreign exchange differences on retranslation to presentational currency	251	(314)
Total other comprehensive income	251	(314)
Total comprehensive income for the year	13,043	1,461

Consolidated balance sheet

	Notes	31 December 2012 $'000	31 December 2011 $'000
Assets			
Non-current assets			
Goodwill	10	514	514
Other intangible assets	10	80,499	46,550
Property, plant and equipment	11	2,004	694
Deferred tax asset	12	-	1,009
Total non-current assets		83,017	48,767
Current assets			
Trade and other receivables	14	22,498	3,086
Inventory (crude oil)		370	147
Cash and cash equivalents	15	47,037	17,249
Total current assets		69,905	20,482
Total assets		152,922	69,249
Equity and liabilities			
Equity			
Issued capital	18	1,504	1,311
Share premium	18	106,350	60,906
Other reserve		3,866	4,155
Foreign exchange reserve		9,808	9,557
Retained earnings		3,852	(11,153)
Total equity		125,380	64,776
Non-current liabilities			
Deferred tax liability	12	5,403	-
Total non-current liabilities		5,403	-
Current liabilities			
Trade and other payables	16	22,139	4,473
Total current liabilities		22,139	4,473
Total liabilities		27,542	4,473
Total equity and liabilities		152,922	69,249

The financial statements were approved by the Board of Directors on 16 April 2013.

N. Harrison
Director

Company number: 4030166

Consolidated statement of changes in equity

	Share capital $'000	Share premium $'000	Other reserve $'000	Foreign exchange reserve $'000	Retained earnings $'000	Total equity $'000
At 1 January 2011	**1,307**	**60,677**	**4,248**	**9,871**	**(13,021)**	**63,082**
Share options exercised	4	229	(93)	-	93	233
Transactions with owners	4	229	(93)	-	93	233
Profit for the year	-	-	-	-	1,775	1,775
Other comprehensive income	-	-	-	(314)	-	(314)
Total comprehensive income	-	-	-	(314)	1,775	1,461
At 31 December 2011	**1,311**	**60,906**	**4,155**	**9,557**	**(11,153)**	**64,776**
Share placing	112	42,043	-	-	-	42,155
Share options exercised	81	5,513	(2,213)	-	2,213	5,594
Reclassification of NIC provision included in other reserve to other creditors	-	-	(603)	-	-	(603)
Share issue costs	-	(2,112)	-	-	-	(2,112)
Equity settled share options	-	-	2,527	-	-	2,527
Transactions with owners	193	45,444	(289)	-	2,213	47,561
Profit for the year	-	-	-	-	12,792	12,792
Other comprehensive income	-	-	-	251	-	251
Total comprehensive income	-	-	-	251	12,792	13,043
At 31 December 2012	**1,504**	**106,350**	**3,866**	**9,808**	**3,852**	**125,380**

Consolidated cash flow statement

	Notes	Year ended 31 December 2012 $'000	Year ended 31 December 2011 $'000
Cash flows from operating activities			
Profit for the year		12,792	1,775
Adjustments for:			
Finance income in the income statement		(516)	(65)
Tax in the income statement		7,350	1,197
Loss on disposal		-	39
Depreciation		164	145
Amortisation		250	1,700
Share options		1,925	-
(Increase)/decrease in inventory		(223)	(52)
(Increase)/decrease in trade and other receivables		(19,412)	(1,015)
Increase/(decrease) in trade and other payables		17,666	(552)
Net cash generated by operations		19,996	3,172
Interest paid		-	(1)
Tax paid		(938)	(354)
Net cash generated by operating activities		19,058	2,817
Cash flows from investing activities			
Interest received		516	205
Payments for property, plant and equipment		(1,475)	(124)
Payments for intangible assets		(34,199)	(6,085)
Net cash used in investing activities		(35,158)	(6,004)
Cash flows from financing activities			
Proceeds from issue of equity shares (placing and option exercise)		47,749	233
Issue costs		(2,112)	-
Net cash generated by financing activities		45,637	233
Net increase/(decrease) in cash and cash equivalents		29,537	(2,954)
Foreign exchange differences		251	(453)
Cash and cash equivalents at the start of the year		17,249	20,656
Cash and cash equivalents at the end of the year	15	47,037	17,249

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies - basis of preparation

The consolidated financial statements are for the year ended 31 December 2012. They have been prepared under the historic cost convention and in compliance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union and company law applicable to companies reporting under IFRS as at 31 December 2012.

Going concern

The directors have reviewed the cash position of the Group as at the year end against the expected recurring operational income, expenditure and anticipated specific contractual costs in Colombia and Paraguay for a period of two years from the balance sheet date. On this basis the Directors consider that the Group has more than sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

The cash held in Group bank accounts at the balance sheet date was $47,037,000 (2011: $17,249,000).

Standards and amendments to existing standards adopted in these accounts

The following standards, amendments and interpretations became effective in 2012:

Standard/ interpretation	Content	Applicable for financial years beginning on/after
Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) (Issued 7 October 2010)	This Amendment requires the disclosure of information in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. The Group applied the amendments from 1 January 2012.	1 July 2011

This amendment is not expected to have an impact on the Group financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in the 31 December 2012 financial statements

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards applicable to the Group have been published but are not yet effective, and have not been adopted early by the Group.

Standard/interpretation	Content	Applicable for financial years beginning on/after
IAS 28 Investments in Associates and Joint Ventures (2011)	This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Group will apply the amendment from 1 January 2013.	1 January 2013 EU adoption allows deferral to 1 January 2014
IFRS 9 Financial Instruments (2009) and amendment	The standard will eventually replace IAS 39 in its entirety. However, the process has been divided into three main components: classification and measurement, impairment and hedge accounting. The Group will apply the standard from 1 January 2015.	1 January 2015 Not yet EU adopted.
IFRS 10 Consolidated Financial Statements	The new standard replaces the consolidation requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities. The Group will apply the standard from 1 January 2014.	1 January 2014
IFRS 11 Joint Arrangements	The new standard requires that a party to a joint arrangement recognises its rights and obligations arising from the arrangements rather than focusing on the legal form. The Group will apply the standard from 1 January 2013.	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	The standard includes the disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group will apply the standard from 1 January 2013.	1 January 2013
IFRS 13 Fair Value Measurement	The standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. The Group will apply the standard from 1 January 2013.	1 January 2013

IAS 1 Presentation of items of other comprehensive income	The amendment requires companies to group together items within other comprehensive income ("OCI") that may be reclassified to the profit and loss section of the income statement, The Group will apply the amendment from 1 January 2013,	1 July 2012
IAS 27 Separate financial statements	The amendment contains accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Group will apply the amendment from 1 January 2014.	1 January 2014
IFRS 7 Disclosures – offsetting financial assets and financial liabilities	The amendment introduces disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on entity's financial position. The Group will apply this amendment from 1 January 2013.	1 January 2013
Improvements to IFRS (2009-2011 Cycle)	The improvements in this amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between standards. The Group will apply the improvements from 1 January 2013, subject to the endorsement by the EU.	1 January 2013*
IAS 32 Offsetting financial assets and financial liabilities	The amendment seeks to clarify rather than change the off-setting requirements previously set out in IAS 32. The Group will apply the amendment from 1 January 2014.	1 January 2014

*Not yet endorsed by the EU.

The Directors continue to monitor the impact of future changes to the reporting requirements but do not believe the proposed changes will significantly impact the financial statements.

2. Summary of significant accounting policies

Consolidation
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated on the date control ceases.

The Group uses the acquisition method of accounting for the acquisition of a subsidiary. The cost of an acquisition is measured by the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the fair value of consideration paid over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Consolidation adjustments have been made where necessary to align the management accounts with Group accounting policies.

Goodwill
Goodwill arising from business combinations is the difference between the fair value of the consideration paid and the fair value of the assets acquired and liabilities and contingent liabilities assumed. It is recognised initially as an intangible asset at cost and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired. Details of impairment testing are described in the accounting policies.

Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM is the person or Group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its CODM is the Board of Directors of the Group.

Foreign currency translation

1. Transactions and balances
   Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. Group companies
   The results and financial position of all Group entities that have a functional currency different from the presentation currency adopted in these Group financial statements are translated into the presentation currency as follows:
   i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
   ii) Income and expenses for each income statement are translated at the actual rate on the date of the transaction, and;
   iii) All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken through the statement of comprehensive income. Differences initially brought to equity are reclassified to the income statement on disposal of the business.

In presenting the consolidated financial statements in United States Dollars (US$) balance sheets items carried in sterling have been translated at US$1.6153 to £1 (Dec 2011: US$1.55 to £1). Transactions in the income statement have been converted at an average exchange rate of US$1.5847 to £1 (Dec 2011: US$1.60 to £1).

Income and expense recognition
Revenues associated with the sale of oil, natural gas, natural gas liquids and liquefied natural gas and all other such items are recognised when the title passes to the customer on entry to the pipeline as this is when the risks and rewards of ownership are considered to have passed to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes. Revenue is stated gross of any prevailing sales royalties that are payable, which are levied based on a contractual percentage rate, dependant on production. The corresponding costs in respect of sales royalties payable, arising from sales made in the year, are included within cost of sales on an accruals basis. Operating expenses are recognised in the income statement upon utilisation of the service.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable.

Oil and gas expenditure
Intangibles - exploration and evaluation assets
Capitalisation
Costs incurred prior to acquiring the rights to explore are charged directly to the income statement.

Licence acquisition costs and all costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs and other direct costs of exploration (drilling, trenching, sampling and technical feasibility and commercial viability activities) and appraisals are accumulated and capitalised as intangible exploration and evaluation (E & E) assets, pending determination.

E & E costs are not amortised prior to the conclusion of appraisal activities. At completion of appraisal activities if technical feasibility is demonstrated, commercial reserves are discovered and commercial viability is demonstrable, then, following development sanction, the carrying value of the relevant E & E asset will be reclassified as a development and production asset in Intangible Assets, but only after the carrying value of the E & E asset has been assessed for impairment and, where appropriate, its carrying value adjusted. If, after completion of appraisal activities in an area, it is not possible to determine technical feasibility and commercial viability or if the legal rights to explore expire or if the Group decides not to continue exploration and evaluation activities then the costs of such unsuccessful exploration and evaluation are written off to the income statement in the period the relevant events occur.

Impairment
On an annual basis a review for impairment indicators is performed having consideration for the impairment indicators outlined within IFRS 6. If an indicator of impairment exists an impairment review is performed. The recoverable amount is the higher of its fair value less costs to sell and its value in use. If the carrying value of the assets is estimated to exceed the recoverable amount, which is the higher of value in use and fair value less costs to sell then the excess carrying value is reduced by writing off the difference to the income statement in that period.

Intangibles – development and production assets
Capitalisation
Development and production (D&P) assets represent the cost of developing the commercial reserves and bringing them into production together with the E & E expenditures incurred in finding the commercial reserves previously transferred from intangible E & E assets as outlined in the policy above.

Development assets are not amortised until production commences. Amortisation is estimated on a unit of production method based on commercially provable reserves. The calculation takes account of the estimated future costs of development of recognised proven and probable reserves, based on current price levels. Changes in reserve quantities and cost estimates are recognised prospectively from the last reporting date. The depreciation is charged to Cost of Sales within the Consolidated Income Statement.

Impairment
An impairment review is performed each year to assess whether the value of the Group’s oil and gas D&P assets may be impaired. If the carrying value of the assets is estimated to exceed the recoverable amount of the assets based on the discounted future cash flows then the excess value is written off to the income statement in that period.

Non oil and gas exploration assets
Property, plant and equipment
Property, plant and equipment (PPE) is recorded at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided using the straight line method to write off the cost of the asset less any residual value over its useful economic life as follows:

Office equipment	10 years
Computer equipment	4 years
Motor vehicles	4 years
Plant and machinery	8 years

Impairment
The Group's goodwill, other intangible assets and property, plant and equipment are subject to annual impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Goodwill is allocated to those cash generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Individual assets or cash generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount is in excess of the recoverable amount.

An impairment loss is recognised for the amount by which the assets or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventory
The Group's stocks of crude oil resulting from drilling operations are valued on the basis of the average actual operating cost.

Financial assets
Financial assets consist of cash and trade and other receivables and initial recognition is at fair value. Financial assets are assigned to their different categories by management on initial recognition depending on the contractual arrangements. Trade and other receivables are subsequently measured at amortised cost less any impairment. Cash and cash equivalents are measured at amortised cost at the balance sheet date.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities consist of trade and other payables. All interest related charges are recognised as an expense in 'Finance costs' in the income statement.

Trade payables are recognised initially at their fair value and subsequently measured at amortised costs less settlement payments.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Income taxes
Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations. They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate. Taxes on capital are levied in Colombia by the government to fund certain programmes during their term in office. The charge in relation to this is included within the income statement. All changes to current tax liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. IAS 12 'Income taxes' does not require deferred tax to be recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and that affected neither the accounting nor taxable profit.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to other comprehensive income or equity in which case the related deferred tax is also charged or credited to other comprehensive income or equity.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Share based employee compensation
The Group operates equity settled share based compensation plans for the remuneration of its employees.

All employee services received in exchange for the grant of any share based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share option awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability or sales growth targets).

All share based compensation is ultimately recognised as an expense in the income statement with a corresponding credit to the other reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of shares options expected to vest. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. At this time, the appropriate balance in the other reserve relating to the share options exercised is transferred to retained earnings by way of a transfer within reserves.

Equity

Equity comprises the following:

- “Issued capital” represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Other reserve" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Foreign exchange reserve" represents the differences arising from translation of foreign operations and differences arising on translation to the presentational currency in US Dollars.
- "Retained earnings" represents retained profits and losses.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management’s best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

a) Capitalisation of exploration costs: detailed analysis of the technical feasibility and commercial viability of projects is needed to decide whether the costs incurred should be capitalised or expensed. Capitalisation is required where it is judged that there will be future benefits in excess of the costs which are capitalised. Estimates are required as to asset carrying values and impairment charges, which apply to Goodwill, Intangible assets and PPE. These total $83,017,000 (notes 10 and 11).

b) Assessment of the impairment of assets not in production are based on an estimate of prospective reserves and their expected value and contribution.

c) Calculation of fair value used in share based payments require estimates of the share price volatility, the risk free interest rate and which method or model to use to calculate the fair value. See note 17.

d) The level of remediation provision is calculated in accordance with guidelines specified by Colombia’s Agencia Nacional de Hidrocarburos (ANH).

e) Identification of functional currencies requires analysis of the economic environments of the subsidiaries of the Group and the selection of the presentational currency must reflect the requirements of the users of those statements.

There is no reasonably possible significant change within the key assumptions.

3. Segmental reporting

Segment Reporting
Our management information system produces reports for the Board grouping financial performance under the following business areas:

- Colombia
- Paraguay
- United Kingdom

All business areas are responsible initially for the exploration and evaluation of oil reserves and then the development and production of oil wells. As permitted by IFRS 8, since these business areas are deemed to have similar economic characteristics and are similar, if not the same, in all of the following:

- business areas derive their revenue from the supply of crude oil,
- the production and distribution process is the same across all business areas,
- business areas supply to similar customers
- all business areas are subject to the same regulatory environment,

The business areas have been aggregated into a single reportable operating segment, namely oil exploration and development. Each month the CODM is presented with financial information prepared in accordance with IFRS as adopted in the EU and the accounting policies set out in Note 2 to the financial information as such information regarding this operating segment has already been disclosed in the financial statements.

In the year two customers contributed to the entire revenue:
Customer A 68% (2011: 100%)
Customer B 32% (2011: Nil)

Geographical information

	Non-current assets		**Revenue**	
	Dec 2012	Dec 2011	Year to Dec 2012	Year to Dec 2011
	$'000	$'000	$'000	$'000
Colombia	78,414	43,253	42,190	14,192
Paraguay	1,018	925	-	-
United Kingdom	3,585	3,580	-	-
	83,017	47,758	42,190	14,192

The revenue split is based on revenue by origin by supply.

4. Remuneration of key management personnel

	Year to Dec 2012	Year to Dec 2011
	$'000	$'000
Short term employee benefits	553	437
Social security	1,454	37
Share based payments	1,056	-
	3,063	474

	Year to Dec 2012	Year to Dec 2011
	$'000	$'000
Highest paid director's emoluments – see note 19	700	375

The directors consider the key management personnel of the Group to be the Board of Directors. Further details of the remuneration of the directors are given in the Directors Report.

5. Profit before tax

Profit before tax has been arrived at after charging / (crediting):	Year to Dec 2012 $'000	Year to Dec 2011 $'000
Foreign exchange differences	(250)	(139)
Depreciation and amortisation:		
Depreciation of property, plant and equipment	164	145
Amortisation of intangible assets	250	1,700
Loss on disposal of property, plant and equipment	-	39
Employee benefits expense:		
Employee costs (Note 6)	4,155	1,979
Audit and non-audit services:		
Fees payable to the Company's auditor for the audit of the Group accounts	65	48
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	18	18
Tax services	5	5
Other services pursuant to legislation	-	-

6. Employees

	Year to Dec 2012 $'000	Year to Dec 2011 $'000
Employee costs (including directors):		
Wages and salaries	2,527	1,806
Social security costs	1,532	104
Pension costs – defined contribution plans	96	69
	4,155	1,979
The average number of employees (including directors) during the year was made up as follows:		
Management	11	8
Administration	20	21
Operational staff	16	4
	47	33

7. Finance income and charges

	Year to Dec 2012 $'000	Year to Dec 2011 $'000
Foreign exchange gains	250	139
Interest income	266	66
Total interest income	516	205
Interest charge	-	(1)

Foreign exchange gains derive from the translation of the Groups foreign currency denominated cash assets into US Dollars.

8. Taxation

	Year to Dec 2012 $'000	Year to Dec 2011 $'000
Current Tax:		
Overseas tax - Colombia	383	354
Deferred tax		
Origination and reversal of temporary differences (see note 12)	6,412	843
Tax on profit for the year	6,795	1,197

The only country in which the group is currently paying tax is Colombia. The standard rate of tax in Colombia for 2012 is 33% and this rate has been used to explain the expected charge at this standard rate and the actual tax charge. The differences are explained below:

	Year to Dec 2012 $'000	Year to Dec 2011 $'000
Profit for the year before tax	19,587	2,972
Profit for year multiplied by the Colombian tax rate of 33%	6,464	981
Effects of:		
Expenses not deductible for tax purposes	327	299
Share based payment adjustment	(4,007)	(246)
Carry forward of unutilised tax losses	5,656	805
Other	(2)	(337)
Colombia presumptive tax adjustment	-	(345)
Overseas tax losses forfeited	41	61
Prior year deferred tax	45	(21)
Deferred tax rate change	(1,729)	-
Tax on profit for the year	6,795	1,197

In January 2013 the corporation tax rate in Colombia reduced to 25% and the deferred tax liability has been calculated at this rate.

Under article 189 of the Colombian tax code, the company cannot fully offset its tax losses against current year taxable profits, there is a restriction to 3% of its net worth in Colombia.

Unrelieved UK tax losses remain available to offset against future taxable profits. These losses have not been recognised as deferred tax assets within the financial statements as they do not meet the conditions required in accordance with IAS 12 due to a lack of uncertainty over future profits. Losses carried forward in the UK total $27,665,000 – tax effect is $6,363,000 (2011: $11,454,000 – tax effect is $2,978,000). In addition there are capital losses in the UK carried forward at 31 December 2012 of $45,857,000 (2011: $45,857,000).

Losses carried forward in Colombia total $485,000 – tax effect is $121,000 (2011: $3,056,000 – tax effect is $1,009,000).

The tax losses in respect of Paraguay are restricted in use and are not available to offset against future taxable profits.

Capital taxation

Taxes on capital (patrimony) are levied in Colombia by incoming governments to fund certain programmes during their term in office. The current administration has levied a tax of 4.8% and a surtax of 1.2% of capital employed in the business payable over four years. The current year charge is $555,000 (2011: $538,000).

9. Earnings per share

	Year to Dec 2012 $'000	Year to Dec 2011 $'000
Profit for the year attributable to equity shareholders	12,792	1,775
Earnings per share		
Basic (cents per share)	1.35	0.19
Diluted (cents per share)	1.31	0.19
	Shares	Shares
Issued ordinary shares at start of the year	916,023,834	913,773,834
Ordinary shares issued in the year	121,160,000	2,250,000
Issued ordinary shares at end of the year	1,037,183,834	916,023,834
Weighted average number of shares in issue for the year	950,347,140	915,323,149
Dilutive effect of options in issue	27,868,488	46,539,144
Weighted average number of shares for diluted earnings per share	978,215,629	961,862,293

10. Intangible assets

The Group has made investments in deferred exploration and evaluation costs as follows:

	Platanillo	Fenix	Other – Paraguay	Total
Share of field	100%	100%	100%	
	$'000	$'000	$'000	$'000
Cost				
1 January 2011	24,036	19,726	508	44,270
Additions	5,341	232	512	6,085
31 December 2011	29,377	19,958	1,020	50,355
Additions	31,734	2,376	89	34,199
31 December 2012	61,111	22,334	1,109	84,554
Amortisation				
1 January 2011	2,105	-	-	2,105
Foreign exchange	-	-	-	-
Charge for year	1,700	-	-	1,700
31 December 2011	3,805	-	-	3,805
Charge for year	250	-	-	250
31 December 2012	4,055	-	-	4,055
Net book value				
31 December 2012	57,056	22,334	1,109	80,499
31 December 2011	25,572	19,958	1,020	46,550
31 December 2010	21,931	19,726	508	42,165

The Net Book Value of $80,499,000 relating to Platanillo includes $36,898,000 of Development and Production (D&P) Assets. D & P Assets are essentially intangible in nature and therefore have not been reclassified to PPE.

Goodwill
The Group has goodwill resulting from past business combinations:

	Goodwill on acquisition $'000
At 1 January 2011	514
Foreign exchange	-
At 31 December 2011	514
Foreign exchange	-
At 31 December 2012	514

Impairment of goodwill
The annual impairment review of the goodwill carried by the Group has been undertaken. The whole of the historical goodwill results from the acquisition of the subsidiary companies in Paraguay and the value in use of the blocks is calculated based on the estimates of future potential on a discounted cash flow basis.

The value in use calculation uses cash flow projections based on financial forecasts for the following year approved by management. The following assumptions are made in this calculation:

- Long term oil price of $100 per barrel which is supported by current pricing
- Timescale of 20 years which is more than covered by the expected life of the field
- Discount factor of 10% which is the company's WACC and is used in the company's NPV calculation of its reserves.

Further information in respect of the Group's investments in Paraguay can be found in the Chief Executive Officer's review. Based on this review the Directors conclude that no impairment of this goodwill is required.

11. Property, plant and equipment

	Land and buildings	Plant and machinery	Office and computer equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 January 2011	107	651	163	105	1,026
Additions	-	97	24	3	124
Disposals	(31)	-	(13)	-	(44)
At 31 December 2011	76	748	174	108	1,106
Additions	293	1,031	140	11	1,475
Disposals	-	-	(2)	-	(2)
At 31 December 2012	369	1,779	312	119	2,579
Depreciation					
At 1 January 2011	-	168	54	50	272
Charge for the year	1	90	32	22	145
Disposals	-	-	(5)	-	(5)
At 31 December 2011	1	258	81	72	412
Charge for the year	8	110	29	17	164
Disposals	-	-	(1)	-	(1)
At 31 December 2012	9	368	109	89	575
Net book value					
At 31 December 2012	360	1,411	203	30	2,004
At 31 December 2011	75	490	93	36	694
At 31 December 2010	107	483	109	55	754

12. Deferred taxation

	$'000
At 1 January 2011	1,852
Released in the year	(843)
At 31 December 2011	1,009
Charged in the year	(6,412)
At 31 December 2012	(5,403)

The Group has recognised a deferred tax (liability)/asset arising from:

	Year to Dec 2012 $'000	Year to Dec 2011 $'000
Tax on accrued sales and expenses	(1,432)	-
Tax relief in excess of amortisation charge	(4,092)	-
Tax losses carried forward	121	1,009
	(5,403)	1,009

13. Financial instruments

Risk management
The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern whilst maximising the return to stakeholders through the effective management of liquid resources raised through share issues. The principal risks faced by the Group resulting from financial instruments are liquidity risk, foreign currency risk and, to a certain extent, interest rate risk. The Directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Categories of financial instrument

	Dec 2012 $'000	Dec 2011 $'000
Financial assets – loans and receivables		
Trade and other receivables	20,667	848
Cash and cash equivalents	47,037	17,249
	67,704	18,097
Trade and other receivables – non-financial assets	2,201	2,385
	69,905	20,482
Financial liabilities		
Trade and other payables – other financial liabilities at amortised cost	22,139	4,473
Trade and other payables – non financial liabilities	-	-
Total trade and other payables	22,139	4,473

The significant increase in the value of both assets and liabilities results from an increase in production and capital expenditure in the last quarter of the year as outlined in the CEO's statement.

There is no material difference between the book value and the fair value of these financial assets and financial liabilities.

Capital
The Group objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and service commensurately with the level of risk; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The share placing in the year achieved the fund raising target after costs of the placing.

The directors have determined that no dividend will be paid during the year.

There is currently no debt in the Group and capital is made up only of cash and cash equivalents.

Foreign currency risk
The non US Dollar denominated cash balances carried within the Group comprise the following currency holdings:

	Dec 2012 $'000	Dec 2011 $'000
British Pound	29,169	1,356
Colombian Peso	73	177
Paraguayan Guarani	24	24
	29,266	1,557

The effect of a 10 % weakening or strengthening of the British Pound, Colombian Peso or Paraguayan Guarani against the US Dollar, which the Group considers reasonable based on experience of historic currency price fluctuations with these currencies, would give rise to an increase/decrease respectively (all other variables remaining constant) in the year-end balance and hence on profit or loss and equity:

	Dec 2012 $'000	Dec 2011 $'000
British Pound	2,917	136
Colombian Peso	7	18
Paraguayan Guarani	2	2

The Group is exposed to transaction and translation foreign exchange risk. In relation to translation risk, assets held in foreign currency are in the form of cash for specific obligations in that same currency and are therefore not separately hedged. Transaction exposures have been managed by holding both US dollars and Colombian Pesos and the use of dual currency deposits, which it uses to settle foreign currency payments thus reducing transaction risk.

Interest rate risk
The Group finances its operations through equity fundraising and therefore does not carry significant borrowings. Interest rate risk is therefore considered to be immaterial based on the prevailing rates currently being earned. The Group's cash balances and short term deposits are held at floating interest rates based on LIBOR and are reviewed to ensure maximum benefit is obtained from these resources. Deposits are held at interest rates of between 0.1% and 1.5% and a rise or fall of interest rates over the year of 1% would have resulted in an increase/decrease respectively in deposit interest income of $470,000 (2011: $172,000) all other variables remaining constant.

Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount. Sales of the Group are made to two customers who are multi-national oil companies and form part of the state owned oil group with the government being the main shareholder. In this regard the risk is relatively low but the Group regards it as essential that relationships are maintained with alternative potential customers in case this source of revenue should reduce.

Liquidity risk
The Group currently holds substantial cash balances in both Sterling and US dollar to provide funding for day to day activity. The Group policy is to ensure continuity of funding so that planned fundraisings cover at least 100% of contractual obligations and 12 months of operating and administration costs. Management expects to continue this method successfully in the future.

14. Trade and other receivables

	Dec 2012 $'000	Dec 2011 $'000
Trade receivables	20,491	805
Other receivables	176	1,563
VAT	29	18
Prepayments	1,802	700
	22,498	3,086

All trade and other receivables are due within three months. There were no trade receivables overdue for receipt.

There has been a significant increase in the value of the trade receivables during the year which has resulted from an increase in production in the last quarter of the year as outlined in the CEO's statement.

15. Cash and cash equivalents

	Dec 2012 $'000	Dec 2011 $'000
Cash at bank and short term deposits	47,037	17,249

16. Trade and other payables

	Dec 2012 $'000	Dec 2011 $'000
Trade payables	10,154	794
Other payables	1,698	84
Social security and other taxes	2,937	2,211
Accrued expenses	7,350	1,384
	22,139	4,473

All trade and other payables are due within three months. There has been a significant increase in the value of the trade payables during the year which has resulted from an increase in production in the last quarter of the year as outlined in the CEO's statement.

17. Share based payments

The Group has an unapproved share option plan for the benefit of employees.

Options in issue	Exercise price	Exercise period on or before:
15,650,000	7.52p	3 July 2013
8,000,000	11.05p	23 December 2019
6,000,000	15.00p	23 December 2019
7,020,000	0.10p	19 January 2017
1,995,000	0.10p	22 October 2017
38,665,000	7.68p	

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	Dec 2012 Number	WAEP pence	Dec 2011 Number	WAEP pence
Outstanding at the beginning of the year	78,270,000	8.16	80,520,000	8.16
Granted during the year	11,555,000	0.10	-	-
Exercised during the year	(51,160,000)	6.95	(2,250,000)	8.21
Lapsed during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the year end	38,665,000	7.68	78,270,000	8.16
Exercisable at the year end	36,670,000	8.10	78,270,000	8.16

There were no vesting conditions on share options granted prior to 2009. Options issued under the companies LTIP scheme in January 2012 are eligible to vest over a three year period subject to achieving performance levels which create value for shareholders. Vesting is on a sliding scale which depends upon the effective shareholder return during the Vesting Period:

Total Shareholder Return (p.a.)		Level of Vesting (%)
20%	(73% compound over three years)	100%
15%	(52% compound over three years)	65%
10%	(33% compound over three years)	35%

The total shareholder return ("TSR") target is calculated from a base price of the average closing share price in the 30 day period prior to the date of award, which was 17.38p. Options will vest during the Vesting Period when any of the three percentage thresholds for 3 year TSR is achieved for a 30 day period based on the average closing share price for that period. The options expire on the fifth anniversary of the grant.

Options granted under the Companies LTIP scheme to staff in October 2012 are eligible to vest in three equal instalments on the three anniversaries of the grant subject to achieving a total shareholder return (TSR) of 10% per annum over the three year period(33% compound over the period). The TSR target is calculated from a base price of the average closing share price in the 30day period prior to date of the award which was 37.76p. The TSR threshold will be achieved when the % threshold has been achieved for a 30day period based on the closing share price for that period.

The fair value of options granted has been arrived at using a Black-Scholes or Monte Carlo model. The assumptions inherent in the use of this model are as follows:

- The option life is assumed to be at the end of the allowed period
- No variables change during the life of the option (e.g. dividend yield)
- Volatility has been calculated based on historic share price over the two years prior to the grant date

Date of grant	Date of vesting	Exercise price (pence)	Risk-free rate	Share price at grant (pence)	Volatility of share price	Fair value (pence)	Number outstanding
31.05.07	31.05.07	7.15p	5.0%	6.59p	74%	3.170	43,320,000
12.09.07	12.09.07	6.45p	5.0%	6.75p	74%	3.260	350,000
03.07. 09	03.07. 09	7.52p	5.0%	4.25p	63%	1.590	18,550,000
23.12.09	23.12.09	11.05p	5.0%	11.05p	79%	7.017	9,000,000
23.12.09	23.12.10	15.00p	5.0%	11.05p	79%	7.017	6,500,000
29.08.09	29.08.09	5.75p	5.0%	5.75p	79%	2.798	550,000
19.01.12	January 2012- August 2012	0.10p	5.0%	17.38p	85%	14.773	7,020,000
22.10.12	October 2012- October 2015	0.10p	5.0%	37.76p	85%	32.096	1,995,000

The Group recognised total expenses of $2,527,000 (2011: $nil) related to equity-settled share based payment transactions during the year.

18. Share capital

The authorised share capital of the Company is £1,250,000 comprising 1,250,000,000 of 0.1pence each.

	Shares	Nominal Value (0.1p) $'000	Premium net of costs $'000	Total $'000
Issued share capital				
1 January 2011	913,773,834	1,307	60,677	61,984
Option exercises	2,250,000	4	229	233
31 December 2011	916,023,834	1,311	60,906	62,217
Placing 16/10/2012	70,000,000	112	42,043	42,155
Option exercises	51,160,000	81	3,401	3,482
31 December 2012	1,037,183,834	1,504	106,350	107,854

19. Related party transactions

Amerisur Resources Plc paid $111,000 (December 2011: $96,000) for accounting and other office services to Westleigh Investment Holdings Limited, where Giles Clarke and Nick Harrison have an interest.

During the year the group paid $700,000 (2011: $375,000) and granted $991,000 (2011: nil) of share options for consultancy services to Tracarta Limited, a company in which J. Wardle has an interest. Tracarta Limited had 8,500,000 shares allotted under the share option scheme, the gain on which was $4,016,000 in the year.

The group also made consultancy payments of $118,000 (2011: $110,000) and granted $132,000 (2011: nil) of share options for consultancy services to Jade Oil and Gas SA, a company in which D. Ellenor has an interest.

20. Events after the balance sheet date

There are no significant events after the balance sheet date to report.

21. Capital commitments

Amerisur formed a joint venture with Pluspetrol to bid for Put-12 and Amerisur will act as operator on the block. The agreement was formally enacted in 2013 and includes a commitment to a seismic acquisition programme and the drilling of one exploration well during the first three year exploration phase

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMERISUR RESOURCES PLC

We have audited the parent company financial statements of Amerisur Resources Plc for the year ended 31 December 2012 which comprise of the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other Matters

We have reported separately on the group financial statements of Amerisur Resources plc for the year ended 31 December 2012.

J. Geraint Davies
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
CARDIFF
16 April 2013

PARENT COMPANY BALANCE SHEET

	Notes	31 December 2012 $'000	31 December 2011 $'000
FIXED ASSETS			
Intangible assets	5	589	578
Tangible assets	6	10	4
Investments	7	3,901	3,901
		4,500	4,483
CURRENT ASSETS			
Debtors due within one year	8	173	60
Debtors due in more than one year	8	44,630	30,298
Cash at bank and at hand		46,283	17,048
		91,086	47,406
CREDITORS			
Amounts falling due within one year	9	(1,294)	(129)
NET CURRENT ASSETS		89,792	47,277
TOTAL ASSETS LESS CURRENT LIABILITIES		94,292	51,760
CAPITAL AND RESERVES			
Called up share capital	10	1,504	1,311
Share premium	11	106,350	60,906
Other reserves	11	3,866	4,155
Profit and loss account	11	(17,428)	(14,612)
SHAREHOLDER'S FUNDS		94,292	51,760

The parent company financial statements were approved by the Board of Directors on 16 April 2013.

N Harrison
Director

Company number: 4030166

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting convention

The parent company financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention and comply with the Companies Act 2006 and applicable accounting standards. The particular accounting policies adopted by the directors are described below and are considered suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates in accordance with FRS 18.

Going concern

The directors have reviewed the cash position of the Group as at the year end against the expected recurring operational income, expenditure and anticipated specific contractual costs in Colombia and Paraguay for a period of two years from the balance sheet date. On this basis the Directors consider that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

2. Principal accounting policies

Investments

Investments held as fixed assets are stated at the lower of cost and net realisable value, less provision for any impairment. They comprise investments in subsidiary undertakings. In the opinion of the directors the value of such investments is not less than that shown at the balance sheet date.

Intangible fixed assets

Intangible fixed assets are included at cost and amortised on a straight line basis over their useful economic life, which will be based on the expected life of the exploration area, once determined.

Share based payments

All share based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements. All goods and services received in exchange for the grant of any share based payment are measured at their fair values. Where employees are rewarded using share based payments the fair values of their services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (e.g. profitability and sales growth targets).

All equity settled share based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to 'other reserves'.

Upon exercise of share options the proceeds received, net of attributable transaction costs, are credited to share capital and, where appropriate, share premium.

3. Company profit and loss account

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year ended 31 December 2012 was $5,029,000 (2011: loss of $1,699,000). The parent company auditor's remuneration is disclosed in note 5 to the Group accounts.

4. Directors and employees

The directors are the only employees of the parent company. Disclosure of their emoluments is given in note 4 to the Group financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

5. Intangible fixed assets

	Other intangible assets $'000
Cost	
At 1 January 2011	106
Additions	472
At 31 December 2011	578
Additions	11
At 31 December 2012	589
Amortisation	
At 1 April 2010, 31 December 2010 and 31 December 2011	-
Net book value	
At 31 December 2012	589
At 31 December 2011	578
At 1 January 2011	106

This represents the capitalised market value of 1,000,000 ordinary shares awarded to Expet S.A. as consideration for introduction services rendered to the Company in Colombia in the year ended 31 March 2006 and also costs incurred on an airborne magnetic survey flown over the San Pedro area in Paraguay during 2011 and 2012.

6. Tangible fixed assets

	Office equipment $'000
Cost	
At 1 January 2011	-
Additions	4
At 31 December 2011	4
Additions	8
At 31 December 2012	12
Depreciation	
At 1 January 2011 and 31 December 2011	-
Charge for the year	2
At 31 December 2012	2
Net book value	
At 31 December 2012	10
At 31 December 2011	4
At 1 January 2011	-

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

7. Investments

	Subsidiary undertakings $'000
Cost	
At 1 January 2011, 31 December 2011 and 31 December 2012	3,901
Impairment	
At 1 January 2011, 31 December 2011 and 31 December 2012	-
Net book value	
At 31 December 2012	3,901
At 31 December 2011	3,901
At 1 January 2011	3,901

The parent company holds the following investments in subsidiary undertakings:

Name of subsidiary	% voting rights and shares held	Country of incorporation	Business
Amerisur S.A.	100	Paraguay	Mineral resource hydrocarbon E&P permit applications
Amerisur Exploracion (Colombia) Limited	100	British Virgin Islands	Intermediate holding company
E-Plus S.A. (sub – subsidiary)	100	Paraguay	Dormant
Fenix Oil & Gas S.A. (sub – subsidiary)	100	Colombia	Mineral resource hydrocarbon E&P permit applications
Cindra Equities Corporation	100	British Virgin Islands	Intermediate holding company

8. Debtors

	Dec 2012 $'000	Dec 2011 $'000
Amounts due from Group undertakings (greater than one year)	44,630	30,298
Prepayments and sundry debtors	173	60
	44,803	30,358

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

9. Creditors – amounts falling due within one year

	Dec 2012 $'000	Dec 2011 $'000
Trade creditors	24	19
Other creditors and accruals	1,270	110
	1,294	129

10. Share capital and share based payments

For share based payment and share capital disclosures see notes 17 and 18 respectively in the Group financial statements.

11. Reserves

	Share premium $'000	Other reserves $'000	Profit and loss account $'000
At 1 January 2011	60,677	4,248	(13,006)
Share options exercised	229	(93)	93
Retained loss for the year	-	-	(1,699)
At 31 December 2011	60,906	4,155	(14,612)
Share placing	42,043	-	-
Share options exercised	5,513	(2,213)	2,213
Reclassification of NIC provision included in other reserve to other creditors	-	(603)	-
Share issue costs	(2,112)	-	-
Equity settled share options	-	2,527	-
Retained loss for the year	-	-	(5,029)
At 31 December 2012	106,350	3,866	(17,428)

12. Reconciliation of shareholders funds

	$'000
At 1 January 2011	53,226
Option exercise	233
Retained loss for the year	(1,699)
At 31 December 2011	51,760
Share placing	42,155
Share options exercised	5,594
Reclassification of NIC provision included in other reserve to other creditors	(603)
Equity settled share options	2,527
Share issue costs	(2,112)
Retained loss for the year	(5,029)
At 31 December 2012	94,292

13. Related party transactions

Amerisur Resources Plc paid $111,000 (2011: $96,000) for accounting and other office services to Westleigh Investment Holdings Limited, where Giles Clarke and Nick Harrison have an interest.

During the year the group paid $700,000 (2011: $375,000) and granted $991,000 (2011: nil) of share options for consultancy services to Tracarta Limited, a company in which J. Wardle has an interest. Tracarta Limited had 8,500,000 shares allotted under the share option scheme, the gain on which was $4,016,000 in the year.

The group also made consultancy payments of $118,000 (2011: $110,000) and granted $132,000 (2011: nil) of share options for consultancy services to Jade Oil and Gas SA, a company in which D. Ellenor has an interest.

The company has taken advantage of the exemptions available under FRS 8 – Related Party Disclosures not to disclose transactions entered into during the year with wholly owned subsidiaries of the group

14. Events after the balance sheet date

There are no significant events after the balance sheet date to report.